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In the Supreme Court of the United States

OCTOBER TERM, 1995

FRED L. PIRKLE and THERM-OMEGA-TECH, INC.,

Petitioners,

v.

OGONTZ CONTROLS COMPANY and THOMAS M. KENNY,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF OF PETITIONERS

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REPLY BRIEF OF PETITIONERS

Petitioners Fred L. Pirkle and Therm-Omega-Tech, Inc. respectfully submit this Reply Brief in accordance with Supreme Court Rule 15.6 to address arguments first raised in the Brief in Opposition of Ogontz Corporation and Thomas M. Kenny ("Ogontz").[1]

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[1] In a transparent attempt to garner 15 more pages of argument and despite the express provisions of Supreme Court Rule 24.3 which is incorporated in Supreme Court Rule 15.2, Ogontz has included arguments that it made in the CAFC in an "appendix" and incorporated those arguments into its brief by footnote 8 on page 20 thereof. Petitioners do not address these improperly incorporated arguments.

THE FIRST QUESTION PRESENTED FOR REVIEW IS A SUBSIDIARY QUESTION FAIRLY INCLUDED WITHIN THE SECOND QUESTION AND IT HAS NOT BEEN WAIVED

In the district court, petitioners, respondents and the court were *all* in agreement that the resolution of disputed issues of fact relating to claim interpretation was for the jury upon proper instruction by the court. Indeed, specific jury instructions and special interrogatories were proposed by petitioners to assist the jury in its claim interpretation role. *See* Supp. App. 53a-67a. The district court gave the essential substance of these proposed instructions to the jury.[2] Because the district court had given the fundamental question of claim interpretation to the juries, there was no basis for petitioners, who were in accord with that position, to raise as error, in either post trial motions or on appeal to the CAFC, the district court's ruling that claim interpretation is a jury question.

At no point in this case have petitioners ever argued that disputed issues of material fact regarding claim interpretation are to be decided by the court rather than by the jury. To be sure, in their Rule 50 motions in the district court and on appeal to the CAFC, petitioners

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[2] Indeed, in trying to conjure up a waiver argument in the CAFC to counter petitioners' claimed entitlement to judgment as a matter of law, Ogontz argued that "[i]n the case at hand, the jury instructions, unchallenged by T-O-T, included an instruction that the meanings of the asserted claims must be determined by the jury from a study of all the relevant patent documents, expert testimony and the testimony of the inventor. (A.3843-46)" [Ogontz's CAFC Brief, p. 30].

argued that the courts were obliged to construe the claims in accordance with petitioners' urged and evidentially supported interpretations, and that such construction was required as a matter of law. The basis for that argument, however, was petitioners' contention that there was no substantial evidence to support Ogontz's urged interpretations. [CAFC Brief for Appellants, pp. 11, 32-34; Reply Brief, pp. 20-25].[3]

It is the very function of Rule 50 to permit the entry of judgment by the court, "as a matter of law" "[i]f during a jury trial a party has been fully heard on an issue and there is no legally sufficient evidentiary basis for a reasonable jury to find for that party on that issue." Fed. R. Civ. P. 50(a)(1). This Court has made clear that the Seventh Amendment does not preclude in appropriate circumstances the entry of judgment as a matter of law either before verdict, *Galloway v. United States*, 319 U.S. 372, 388-93 (1943), or after verdict. *Neely v. Martin K. Eby Construction Co., Inc.*, 386 U.S. 317, 321 (1967). It is also well-established that the filing of "[a] motion for judgment as a matter of law prior to the submission of the case to the jury that is not granted is not a waiver of the right to have issues of fact submitted to the jury." 9A CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 2534 at 321 (1995).

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[3] Ogontz clearly recognized that this was the nature of petitioners' "claim construction as a matter of law argument." [Ogontz's CAFC Brief, p. 28 ("T-O-T argues that the evidence at trial supports its position regarding claim construction and that Ogontz failed to present evidence to support Ogontz' position. Brief at 34")].

With no occasion to have done so prior to the decision in *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (in banc), *petition for cert. filed*, 64 U.S.L.W. 3068 (U.S. Jul. 3, 1995) (No. 95-26), petitioners did not *expressly* argue in post trial motions or on appeal to the CAFC that the Seventh Amendment requires that disputed issues of fact regarding claim interpretation be decided by the jury. That issue, however, was fairly and necessarily included within the Seventh Amendment issue that petitioners have expressly argued at *all* levels. Prior to the second trial, in post trial motions after the second trial, on appeal to the CAFC and in the pending petition for a writ of certiorari, petitioners have argued that the Seventh Amendment does not permit one jury to interpret patent claims in deciding the question of patent validity and a different jury to again interpret the claims in deciding the question of infringement when the issue of claim interpretation is critical to both infringement and patent validity.

Essential to an analysis and proper disposition of this issue (the second question presented by petitioners) is resolution of the subsidiary question as to whether claim interpretation is a jury question at all. That subsidiary question (the first question presented by petitioners) has clearly been preserved for review in this case. *See United States v. Mendenhall*, 446 U.S. 544, 551-52 n.5 (1980); *Cuyler v. Sullivan*, 446 U.S. 335, 342-43 n.6 (1980); *Vance v. Terrazas*, 444 U.S. 252, 258-59 n.5 (1980); *Procunier v. Navarette*, 434 U.S. 555, 559-60 n.6 (1978). Indeed, had petitioners only set forth the Seventh Amendment issue presented in the second question, the issue raised by the

first question would nevertheless have been presented for consideration by the Court. *See* Supreme Court Rule 14.1(a) ("The statement of any question presented will be deemed to comprise every subsidiary question fairly included therein.").

The Court's decision in *Yakus v. United States*, 321 U.S. 414, 444 (1944), cited by Ogontz, has no applicability here. Ogontz's waiver argument is groundless.

THE SEVENTH AMENDMENT COMPELS A NEW TRIAL WHERE DISPUTED ISSUES OF FACT REGARDING CLAIM INTERPRETATION, CRITICAL TO BOTH VALIDITY AND INFRINGEMENT ANALYSES, WILL BE DECIDED BY ONE JURY

The factors which require that the issues of infringement and validity in this case be retried to and decided by the same jury are quite simple: (1) proper claim construction was a critical issue as to both the question of infringement and the defense of patent invalidity by reason of obviousness and anticipation; (2) by reason of the extrinsic evidence presented, the district court submitted the issue of claim construction to the juries and did not decide it as a matter of law; (3) the claims of a patent must be given the same construction when considering infringement as when considering validity. *Intervet America, Inc. v. Kee-Vet Laboratories, Inc.*, 887 F.2d 1050, 1053 (Fed. Cir. 1989); and (4) the unrefuted evidence of record is that claims 4 and 10 of the '007 patent can not properly be construed to be both valid *and* infringed by Guru Plugs. [A.3747].

That the Seventh Amendment compels a new trial in this case, should the Court decide that conflicting evidence regarding claim construction presents a question for the jury,[4] is taught by *Gasoline Products Co., Inc. v. Champlin Refining Co.*, 283 U.S. 494, 500 (1931)[5] and its progeny. As the Third Circuit noted in *Simone v. Golden Nugget Hotel and Casino*, 844 F.2d 1031, 1040 (3d Cir. 1988):

> The standard for determining whether a partial new trial is proper was long ago established: "Where the practice permits a partial new trial, it may not properly be resorted to unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice." *Gasoline Products Co. v. Champlin Ref. Co.*, 283 U.S. 494, 500 . . . (1931).

Since, as pointed out in the petition, the subsidiary issue of claim interpretation is common to both infringement and invalidity analyses, the *Gasoline Products* standard clearly could not be met by a retrial of the question of infringement without also retrying the issue of validity.

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[4] Nowhere in its Brief in Opposition does Ogontz dispute petitioners' arguments that claim interpretation is for the jury when conflicting extrinsic evidence has been presented, or that the majority rule of the CAFC in banc as enunciated in *Markman* conflicts with the prior teachings of this Court. Thus, the existence of the *Markman* rule directly under challenge before this Court, both here and in *Markman*, can hardly render the second Seventh Amendment question "no longer a question of importance." [Brief in Opposition, pp. 9 and 15 n.5].

[5] Ogontz does not even address this seminal case.

The CAFC has specifically applied *Gasoline Products* in the context of a retrial where claim interpretation was a disputed issue pertinent to both infringement and invalidity. *See Witco Chemical Corp. v. Peachtree Doors, Inc.*, 787 F.2d 1545 (Fed. Cir.), *cert. dismissed*, 479 U.S. 877 (1986). Ogontz misperceives the full extent of the CAFC's holding in *Witco*.

Unquestionably, one aspect of the holding in *Witco* related to the coercive effect of certain actions by the district court which tainted the infringement verdict. The jury's verdict on validity rendered six weeks earlier, however, was not infected by any coercion. Thus, after vacating the tainted infringment verdict the *Witco* court was presented with exactly the circumstances that existed in this case after the first trial: jury findings that the patents were not invalid or unenforceable, but jury impasse on the issue of infringement. A new trial on the validity and enforceability issues as well as on the issue of infringement was required in *Witco* because the scope of the disputed claims was to be determined by the jury and thus "the arguments against infringement [were] indistinguishably woven with the factual underpinnings of the validity and enforceability determinations." 787 F.2d at 1549.

Ogontz's citation of *Atlantic & Gulf Stevedores, Inc. v. Ellerman Lines, Ltd.*, 369 U.S. 355, 364 (1962) is totally misplaced as that case did not involve a situation where *two* different juries would be called upon to decide the same factual issue. That case involved the construction of answers to interpretations given by *one* jury. Ogontz's

citation of two cases in which the issues of patent validity and infringement were tried to separate juries is also not instructive.

In *Fraige v. American-National Watermattress Corp.*, 996 F.2d 295 (Fed. Cir. 1993), appeal was only taken from the order denying the Rule 60(b)(3) motion for relief from the patent invaldity judgment. There was no jury issue of claim construction presented and no Seventh Amendment issue. Similarly, in *Structural Rubber Products Co. v. Park Rubber Co.*, 749 F.2d 707 (Fed. Cir. 1984), it was only the patent holder that appealed the judgment of invalidity based on lack of novelty. There was no appeal of the finding of infringement. More importantly, neither in the CAFC nor on remand was a *Gasoline Products* issue either presented or decided.

THE CAFC PANEL DISPOSITION OF THIS CASE BY SUMMARY AFFIRMANCE WAS AN ABUSE OF FED. CIR. R. 36

In light of the *Markman* in banc decision, the non-amenability of this case to summary affirmance pursuant to Fed. Cir. R. 36 is manifest. At no time either before or after the verdicts at either trial did the district court interpret the claims in issue. Ogontz's unsupported statements to the contrary [Brief in Opposition, pp. 10-12] are unsupported in truth or by the record.[6] The in banc

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[6] The sole record references for Ogontz's untenable statements are pages 1a and 49a-50a of petitioners' appendix. These pages reflect actions by the clerk of the CAFC, not the district court, and they do

Markman majority decision that was binding on the CAFC panel in this case established that "the court has the power and the obligation to construe as a matter of law the meaning of the language used in the patent claim," 52 F.3d at 979, and a failure to instruct the jury as to the meaning of the claims cannot be harmless when the district court does not thereafter construe the claims in the course of granting judgment as a matter of law. *Id.* at 981-82. The *Markman* majority also held that claim construction is subject *de novo* review. *Id.* at 981.

In both precedential and nonprecedential post-*Markman* opinions, the CAFC has made clear that district court judgments must be vacated in circumstances such as presented here. *See, e.g., Graco, Inc. v. Binks Mfg. Co.*, ___ F.3d ___, 35 USPQ2d 1255, 1259-60 (Fed. Cir. 1995) (precedential disposition) ("The [district] court's opinion is absolutely devoid of any discussion of claim construction. * * * The entire omission of a claim construction analysis from the opinion, and the conclusory factual findings on infringement, each provide an independent basis for remand."); *Dow Corning Wright Corp. v. Osteonics Corp.*, No. 93-1282, 1995 WL 250991 at *1 (Fed. Cir. Apr. 28, 1995) (nonprecedential disposition)[7] ("In this case, as in

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not reflect an interpretation of the claims by any judge of any court. Indeed, the record reflects that petitioners requested the district judge to make claim interpretation findings, Supp. App. 68a-71a, and that he refused. App. 15a.

[7] Pursuant to Fed. Cir. R. 47.6(b), such a disposition is not citable as precedent. This case, however, decided by a panel that included Senior

Markman, the district court erred in submitting the issue of claim interpretation to the jury. However, in this case, the error cannot be deemed merely harmless. The court's ruling on the motion for new trial was one word, 'Denied,' which provided no indication that the trial court performed its obligation to construe the claim language as a matter of law.").

CONCLUSION

Ogontz has provided no credible arguments as to why this case should not be reviewed by this Court. The questions presented by petitioners are of extraordinary importance, they have clearly been preserved for review, and they must be addressed and decided in any principled disposition of the case. The petition for a writ of certiorari should be granted.

Respectfully submitted,

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Circuit Judge Skelton, is instructive of how Judge Skelton, who was also a member of the CAFC panel in this case and voted to grant rehearing, might approach the issue.